

UK/US Aviation Disputes

London and Washington are currently engaged in bilateral talks to renegotiate part of the Anglo-US Bermuda Two air agreement, governing air services between the two countries. Agreement is needed on what is called Annex Two of the pact, which sets out rules controlling capacity that airlines of both countries provide on the UK-US routes. At the same time, the British are concerned that a number of civil US anti-trust suits filed against various British airlines in the wake of the collapse of Laker Airways four years ago remain unresolved. London is seeking speedy resolution of these cases as well as US assurances that no new anti-trust charges will be brought against its airlines, especially British Airways which the government plans to de-nationalize.

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London has taken a number of steps in recent weeks to signal impatience with the status of bilateral civil aviation disputes with Washington.

- On 13 March the Secretary of State for Transport announced that the government was postponing the privatization of British Airways indefinitely due to uncertainty over the application of US antitrust legislation to international civil aviation -- such as the suits that followed the collapse of Laker Airways -- and the difficult negotiations with Washington over capacity limits for North Atlantic flights. The current agreement will expire in July.
- The Minister for Aviation took a hard line in a recent speech to the American Chamber of Commerce in London, charging the US with unfair competition on the North Atlantic.
- On 20 March the Department of Trade and Industry invoked the Protection of Trading Interests Act (PITA) in two US antitrust suits against British airlines, prohibiting compliance with US requirements to furnish commercial documents to a US district court

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